

M E M O R A N D U M

OCTOBER 8, 1987

TO: BOSTON REDEVELOPMENT AUTHORITY AND
STEPHEN COYLE, DIRECTOR

FROM: WILLIAM D. WHITNEY, ACTING ASSISTANT DIRECTOR
FOR URBAN DESIGN AND DEVELOPMENT
JUAN CARLOS LOVELUCK, DEVELOPMENT ANALYST

SUBJECT: CLOSING OF U.S. CUSTOM HOUSE SALE

EXECUTIVE

SUMMARY: Requests ratification and affirmation of previous action authorizing purchase of U. S. Custom House based upon revised terms.

On April 23, 1987, the BRA board adopted a resolution authorizing the purchase of the U. S. Custom House from the General Services Administration (GSA). The Offer to Purchase called for a purchase price of \$11 million, an earnest money deposit of \$110,000 accompanying the Offer, and for a downpayment of \$990,000 due and payable upon closing. The balance remaining is payable over a ten-year period according to the terms of the offer.

Following a lengthy review of the transaction, the Committee on Government Operations of the U. S. House of Representatives advised GSA Administrator Terence Golden that the terms of sale were a significant departure from GSA's standard sales terms in the Authority's favor. Notwithstanding this deviation, the Committee withheld adverse comment on the sale. The GSA accepted the Authority's Offer to Purchase on September 24, 1987. The GSA has advised the Authority that notwithstanding the language of the offer which provides for a closing within 90 days from the date the offer is accepted, they wish to proceed with the closing as expeditiously as possible, and in any case no later than October 9 (see attached telegram).

In order to assure a smooth transition of ownership, the GSA has agreed to a 2-week escrow sale. Pursuant to this agreement, it is requested that the Director be authorized to deliver the balance of the downpayment due, \$990,000, on October 9, 1987, and a note and mortgage on previously accepted terms on October 23, 1987. The developer's kit stipulates that the Authority must be reimbursed in full for all expenses incurred, debt service as well as operating expenses; in connection with the Custom House. An appropriate vote follows:

KC11/EE

Memorandum
Custom House Sale

-2-

October 8, 1987

VOTED: That the Authority hereby ratifies and confirms its previous resolution authorizing the purchase of the U.S. Custom House with initial closing to occur on October 9, 1987 and with the documents being held in escrow until October 23, 1987 in order to give the Authority time to secure the necessary insurance, maintenance and security arrangements for this historic property.

Downtown/Custom House

X

*
IPM16MA
1-007689A279 10/06/87
ICS IPMMOZL MTN
ZCZC 00621 MOORESTOWN NJ 10-06 1203P EDT MOZK
PMS DLR

BOSTON MA
BT
/

4-009611S279 10/06/87
ICS IPMMTZZ CSP
6175655700 FRB TDMT BOSTON MA 85 10-06 1035A EST
PMS STEPHEN COYLE, DIRECTOR, BOSTON REDEVELOPMENT AUTHORITY RPT DLY
MGM, DLR

1 CITY HALL SQUARE
BOSTON MA

AS DISCUSSED WITH YOUR OFFICE ON SEVERAL OCCASIONS OVER THE PAST 3 TO 4 DAYS IT IS ABSOLUTELY IMPERATIVE THAT THE BOSTON REDEVELOPMENT AUTHORITY BE PREPARED TO CLOSE THE SALE OF THE BOSTON CUSTOM HOUSE ON OCTOBER 9 1987 AT 2PM IN THIS OFFICE. IF THERE ARE ANY CONCERNS WITH THE DRAFT TRANSFER INSTRUMENTS SENT TO YOU ON SEPTEMBER 24 1987 PLEASE CONTACT US BY PHONE OR IN PERSON TO CLARIFY ANY OF THE TECHNICAL LANGUAGE OTHERWISE WE SHALL EXPECT TO CONDUCT CLOSING AS SCHEDULED.

P VACCARO OFFICE OF REAL ESTATE SALES
10 CAUSEWAY ST
BOSTON MA 02222

1040 EST

NNNN

/ REPLACES CHAR(S) ON SENDERS KEYBD UNAVAIL ON YOURS

1108 EST

*
IPM16MA

OCT 6 2 59 PM '87

BOSTON REDEVELOPMENT
AUTHORITY
DIRECTOR'S OFFICE

871006-014

KNOW ALL MEN BY THESE PRESENTS: That the UNITED STATES OF AMERICA, acting by and through the ADMINISTRATOR OF GENERAL SERVICES, under and pursuant to the powers and authority contained in the provisions of the Federal Property and Administrative Services Act of 1949 (63 Stat. 377), as amended, and the regulations and orders promulgated thereunder, for and in consideration paid to it in the sum of ELEVEN MILLION AND 00/100 (\$11,000,000.) DOLLARS

does hereby grant to THE BOSTON REDEVELOPMENT AUTHORITY, BOSTON, MASSACHUSETTS.

all its right, title and interest in and to the property described in Schedule A, together with all appurtenances and improvements thereto, subject to such conditions as may be set forth in said Schedule A, being 0.3 acres, more or less, parcel of land and improvements in the area known as McKinley Square, City of Boston, County of Suffolk, Commonwealth of Massachusetts.

TO HAVE AND TO HOLD the granted premises with all the privileges and appurtenances thereto belonging, to the said grantee(s) and to the heirs or successors and assigns of same, to their own use and behoof forever.

This deed is executed and delivered to the said grantee(s), and to the heirs or successors and assigns of same, without any covenants whatsoever, either express or implied.

IN WITNESS WHEREOF, the UNITED STATES OF AMERICA, acting by and through the ADMINISTRATOR of GENERAL SERVICES, has caused these presents to be executed as a sealed instrument in its name and behalf this day
of

UNITED STATES OF AMERICA
Acting By and Through The
ADMINISTRATOR OF GENERAL SERVICES

By _____
Regional Administrator
General Services Administration
Region One, Boston, Massachusetts

WITNESSES:

SCHEDULE A

U. S. Custom House
Boston, Massachusetts
1-G-MA-779

Property Description

The property included in this sale agreement is the U.S. Custom House, Boston, Massachusetts. It is located on an irregularly-shaped parcel of land containing approximately 17,000 square feet in McKinley Square in the City of Boston's financial district. The parcel has approximately 75' of frontage along State Street to the north and along McKinley Square to the south. It fronts for about 140' along India Street to the west and again along McKinley Square to the east. The site is level with sidewalks surrounding the entire structure at street level.

Descriptions of the parcels and rights comprising the property included in the sale are contained in the following deeds:

1. Deed dated September 13, 1837 from Proprietors of Boston Pier or Long Wharf to the United States, recorded in Suffolk Deeds Book 424, Page 97.
2. Deed dated August 29, 1837 from Central Wharf and Wet Dock Corporation to the United States, recorded in Suffolk Deeds Book 424, Page 101.
3. Deed dated September 13, 1837, of both the above grantors to the City of Boston recorded at Suffolk Deeds Book 424, Page 99, giving the United States the right to construct sidewalks (with coal holes thereunder) on the easterly side and northerly end of the Custom House extending into the street not exceeding 10' from the walls of the Main Building and 3' easterly of the easterly portico thereof.
4. Deed of the City of Boston, dated June 7, 1839, to the United States, recorded in Suffolk Deeds Book 445, Page 161.
5. Deed of the Proprietors of Boston Pier or Long Wharf and Central Wharf and Wet Dock Corporation to the United States of America dated June 7, 1839, and recorded in Suffolk Deeds Book 445, Page 162, releasing restrictions in their above said deed to the City of Boston recorded at Book 424, Page 99.
6. Deed of the City of Boston to the United States of America, dated July 11, 1863, and recorded in Suffolk Deeds Book 831, Page 25.

7. Deed of the Proprietors of Boston Pier or the Long Wharf and Central Wharf and Wet Dock Corporation, dated July 11, 1863, and recorded with Suffolk Deeds Book 831, Page 26, releasing restriction in their above said deed recorded at Book 424, Page 99.

Conveyance of the property will be subject to the following:

- a. Any state of facts that may be disclosed by a physical examination of the property.
- b. Any state of facts that an accurate and adequate survey of the premises may disclose.
- c. Easements, restrictions, encumbrances, and covenants of record.
- d. Preparation of an Historic Structures Report after the date of conveyance, if one is required by the Advisory Council on Historic Preservation, shall be the responsibility of the Grantee, its successors or assigns.
- e. The Grantee covenants for itself, its heirs, successors, and assigns and every successor in interest to the property hereby conveyed, or any part thereof that:
 1. The Grantee covenants and agrees that the existing exterior architectural and structural integrity of the Custom House, Eight McKinley Square, Boston, Massachusetts will be preserved.
 2. The Grantee covenants and agrees that any actions affecting the exterior of the entire Custom House and the interior of the first four floors and rotunda (original building 1837-1847) and clock will be accomplished in such a manner so as to be authentic historically and architecturally and that all plans or specifications for any alterations, improvements, or restoration of the entire exterior or interior areas set forth above must be presented in advance and approved by the Massachusetts Historic Commission or its delegated local representative, the Boston Landmarks Commission.
 3. The Grantee covenants and agrees that any rehabilitation work on the Custom House will be accomplished in accordance with the Secretary of the Interior's Standards for Rehabilitating Historic Buildings and the Boston Landmark Commission's Specific Standards and Criteria for the U.S. Custom House.

4. The Grantee covenants and agrees that the above historic preservation covenants will run with the land.
- f. The Grantee covenants for itself, its heirs, successors, and assigns and every successor in interest to the property hereby conveyed, or any part thereof, that the said Grantee and such heirs, successors, and assigns shall not discriminate upon the basis of race, color, religion, sex, or national origin in the use, occupancy, sale, or lease of the property, or in their employment practices conducted thereon. This covenant shall not apply, however, to the lease or rental of a room or rooms within a family dwelling unit; nor shall it apply with respect to religion to premises used primarily for religious purposes. The United States of America shall be deemed a beneficiary of this covenant without regard to whether it remains the owner of any land or interest therein in the locality of the property hereby conveyed and shall have the sole right to enforce this covenant in any court of competent jurisdiction.
- g. There is hereby reserved to the grantor, its successors and assigns, for the use and benefit of the public, a right of the flight for the passage of aircraft in the airspace above the surface of the premises herein conveyed. This public right of flight shall include the right to cause in said airspace any noise inherent in the operation of any aircraft used for navigation or flight through the said airspace or landing at, taking off from or operation on Logan Airport.
- h. The Grantee and its successors and assigns and every successor in interest to the property herein described, or any part thereof, must prohibit any construction or alteration on the property unless a "Determination of No-Hazard to Air Navigation" is issued by FAA in accordance with 14 CFR Part 77 "Object Affecting Navigable Airspace" or under the authority of the Federal Aviation Act of 1958 as amended.
- i. This covenant shall run with the land for a period of 5 years from the date of conveyance. With respect to the property described in this deed, if any time within a 5-year period from the date of transfer of title by the Grantor, the Grantee or its successors or assigns shall sell, lease, or enter into agreements to sell or lease the property, either as a single transaction or in a series of transactions, it is covenanted and agreed that all proceeds received or to be received in excess of the

Grantee's or a subsequent seller's actual allowable costs will be remitted to the Grantor. In the event of a sale or lease of less than the entire property, actual allowable costs will be apportioned to the property based on a fair and reasonable determination by the Grantor.

For purposes of this covenant, the Grantee's or a subsequent seller's deductible costs shall include the purchase price of acquiring this real property, the financing costs associated with the acquisition, and the direct costs actually incurred and paid for physical improvements on the subject property for the following:

(1) Improvements on the property which serve only that property, including road construction, storm and sanitary sewer construction, other public facilities or utility construction, building rehabilitation and demolition, landscaping, grading and other site or public improvements; and

(2) Design and engineering services with respect to the improvements described in (1) above, provided, however, that none of these costs will be deductible if defrayed by Federal grants or if used as matching funds to secure Federal grants. In order to verify compliance with the terms and conditions of this covenant, the Grantee, or its successors or assigns, shall submit an annual report of each of the subsequent 5 years to the Grantor on the anniversary date of this deed. Each report will identify the property involved in the transaction, indicate the rental for any property leased, the sale price of any property resold, the purchaser and the proposed land use, and enumerate any allowable costs incurred for physical improvements on the property that would offset any profit realized. If no lease or resale has been made, the report shall so state. Failure to file timely reports will extend the operation of the covenant for an additional 1-year period for each late or omitted report. The Grantor may monitor the property involved and inspect records related thereto to ensure compliance with the terms and conditions of this covenant and may take any actions which it deems reasonable and prudent to recover any excess profits realized through the resale or lease of the property.

KNOW ALL MEN BY THESE PRESENTS: That THE BOSTON REDEVELOPMENT AUTHORITY, BOSTON, MASSACHUSETTS, (hereinafter referred to as "Mortgagor") for consideration paid, grant(s) unto the ADMINISTRATOR of GENERAL SERVICES, acting for and on behalf of the UNITED STATES OF AMERICA (hereinafter referred to as "Mortgagee") with MORTGAGE COVENANTS, to secure payment of the principal sum of NINE MILLION NINE HUNDRED THOUSAND AND 00/100 (\$9,900,000.) DOLLARS

in lawful money of the United States of America, as provided in a note of even date herewith, payable to the order of the Mortgagee over a period of ten years as follows:

On the 31st day of December 1987, the sum of TWO HUNDRED SEVENTY TWO THOUSAND TWO HUNDRED FIFTY DOLLARS AND ZERO CENTS (\$272,250.00) and a like amount quarter annually thereafter to and including the 30th day of September 1992. On the 31st day of December 1992, Mortgagor shall pay to Mortgagee the sum of SIX HUNDRED FIFTY THOUSAND ONE HUNDRED FIFTY SIX DOLLARS AND THIRTEEN CENTS (\$650,156.13) and a like amount quarter annually thereafter to and including the 30th day of September 1997.

Together with all and singular the tenements, hereditaments, and appurtenances to the above-described property belonging, or in any wise appertaining, including any after-acquired title to the premises thereto, and also together with all right, title, and interest of Mortgagor from time to time, in and to any and all buildings, plants and improvements, heating, lighting, plumbing, ventilating and air-conditioning equipment, elevators and motors therefor, building machinery, sprinkler systems, fixtures, equipment and other like property now or hereafter owned by Mortgagor or any successor in title, provided none of the aforesaid shall be deemed as subject to this mortgage unless attached to and forming part of the real estate hereinabove described and provided further that the same shall not be deemed under any circumstances to include movable property used in connection with the business conducted on the premises, all of which property, together with any and all replacements thereof shall be deemed a portion of the security for the indebtedness herein mentioned and secured by this mortgage, and all of the property hereinbefore mentioned is hereinafter designated as "said property".

This mortgage is given to secure a portion of the purchase price of the aforesaid property.

This mortgage is upon the Statutory Conditions and also upon the following other conditions, which shall be binding on the Mortgagor and those claiming under him:

1. Mortgagor will, while any of the indebtedness secured hereby remains unpaid, pay when they become due and payable, all taxes (both general and special), assessments and governmental charges, to whomsoever levied or assessed against the mortgaged property or any part thereof or any interest therein or against the debt secured hereby; promptly will furnish Mortgagee or holder of the indebtedness secured hereby the receipts showing such payments, and will allow no payment of any taxes, assessments or governmental charges by a third party with subrogation attaching, nor permit the mortgaged property, or any part thereof, to be sold or forfeited for any tax, assessments, or governmental charge whatsoever. Any irregularities or defects in the levy of assessment of taxes, assessments and governmental charges paid by Mortgagee are hereby expressly waived and receipt by the proper office shall be conclusive evidence both as to the amount and validity of such payments.

2. Mortgagor will keep the buildings and other insurable property, now or hereafter erected or placed in or on said mortgaged property, insured as may be required from time to time by Mortgagee against loss or damage by fire and other hazards, casualties and contingencies, and will carry any other kinds of insurance in such amounts and for such period as may from time to time be required by Mortgagee, and not less than five days prior to the expiration of any policy of insurance, Mortgagor will deliver to Mortgagee renewal or new policies in like amounts covering the same risks. All insurance shall be carried in insurance companies approved by Mortgagee, and the policies shall include a provision making loss payable to the Treasurer of the United States for the account of all interests. All policies of insurance shall be delivered to and held by Mortgagee, and Mortgagor will pay promptly when due all premiums for such insurance. Should any loss occur to insured property, Mortgagee is hereby appointed attorney in fact for Mortgagor to make proof of loss if Mortgagor fails to do so promptly, and to receipt for any sums collected under said policies, which said sums, or any part thereof, at the option of Mortgagee may be applied as payment on the indebtedness hereby secured, or to the restoration or repair of the property so destroyed or damaged. Mortgagor promptly will give notice by mail to Mortgagee of any loss or damage to the mortgaged property and will not adjust or settle such loss without the written consent of Mortgagee. In the event of foreclosure, Mortgagee, as attorney in fact of Mortgagor, may forthwith transfer the insurance and policies then held to the purchaser or purchasers, without claim on the part of Mortgagor or compensation therefor; or Mortgagee, at its option, may surrender said policies, collect the unearned premium and apply the same to any deficiency due under this mortgage.

3. Mortgagor will maintain the mortgaged property free from waste or nuisance of any kind and in good condition, and make all repairs, replacements, improvements, and additions which may be necessary to preserve and maintain the mortgaged property and the value thereof; will comply with all laws, ordinances, and regulations affecting said property, or its use; will not alter, destroy or remove any of the buildings, improvements, or property covered by this mortgage, or permit the same to be altered, destroyed, or removed, without first obtaining the permission in writing of Mortgagee; will complete in a good workmanlike manner any building which is being or may be constructed or repaired thereon; will pay when due all claims for labor performed and material furnished, and will not permit any lien of mechanics or material men to attach to mortgaged property. Mortgagor will permit Mortgagee, its agents and representatives, to inspect the mortgaged property at any time, and will comply with any requirements made by Mortgagee with respect to the mortgaged property or the management thereon.

4. Mortgagor will not resell the said property while any of the indebtedness secured hereby remains unpaid without the prior written authorization of the ADMINISTRATOR of GENERAL SERVICES to such resale.

5. All judgements, decrees and awards for injury or damage to the mortgaged property and all awards pursuant to proceedings for condemnation thereof are hereby assigned in their entirety to Mortgagee who may apply the same to the indebtedness secured hereby, in such manner as it may elect and Mortgagee is hereby authorized in the name of Mortgagor to execute and deliver valid acquittances for, and to appeal from, any such award, judgement or decree.

6. In the event any warranty or representation herein contained or referred to is untrue or incorrect; or in case of breach of any covenant, agreement, provision, or condition herein contained or referred to; or if default be made in making any payment under said note (or any extension or renewal thereof), or any payment herein provided for; or if Mortgagor be declared bankrupt or insolvent; or if a voluntary petition in bankruptcy be filed by Mortgagor, or if a debtor's or creditor's petition affecting the mortgaged property and filed pursuant to provisions of the Bankruptcy Act, as amended, be approved; or any assignment for the benefit of any creditor is made; or the mortgaged property be placed in the control or custody of any court; or if Mortgagor abandons any of the mortgaged property, then, in either or any of said events, the entire debt secured hereby shall become due and payable at the option of the holder hereof.

7. Upon payment of all indebtedness hereby secured and full performance hereunder by Mortgagor, Mortgagee shall execute and deliver to Mortgagor, within sixty (60) days after written demand therefor by Mortgagor, a release or satisfaction of this mortgage, and Mortgagor hereby waives the benefits of all statutes or laws which require the earlier execution or delivery of such release or satisfaction of Mortgagee.

8. Mortgagee may at any time and without notice deal in any way with Mortgagor, or grant to Mortgagor any indulgence or forbearance or any extension of the time for payment of any indebtedness secured hereby, or may release portions of the mortgaged property from the lien hereof, without affecting the personal liability of any person for the payment of the indebtedness secured hereby or the lien of this mortgage upon the remainder of the mortgaged property for the full amount of the indebtedness then remaining unpaid.

9. If foreclosure proceedings are commenced hereunder, the holder hereof shall be entitled to collect all costs, attorneys' fees, charges and expenses incurred up to the time of payment.

10. In case of a foreclosure sale, the holder hereof shall be entitled to retain one per cent (1%) of the purchase money in addition to all costs, attorneys' fees, charges and expenses.

11. This mortgage is upon the Statutory Condition for any breach of which, or for any breach of any of the aforementioned covenants, agreements, provisions, or conditions, the holder hereof shall have the Statutory Power of sale.

12. Mortgagor hereby waives, to the extent permitted by law, all stay, appraisement, exemption, redemption and moratorium laws now in force or which may hereafter become laws.

13. The terms used to designate any of the parties herein, shall be deemed to include the heirs, representatives, successors and assigns of such parties; and the term "Mortgagee" shall also include any lawful owner, holder or pledgee of any indebtedness secured hereby.

14. Whenever the context hereof requires, reference herein made to the singular number shall be understood as including the plural, and likewise the plural shall be understood as including the singular; words denoting sex shall be construed as including the masculine, feminine, and neuter, when such construction is appropriate, and specific enumeration shall not exclude the general but shall be considered as cumulative.

15. The unenforceability or invalidity of any one or more provisions, clauses, sentences and/or paragraphs of this mortgage shall not render any other provisions, clauses, sentence and/or paragraphs herein contained unenforceable or invalid.

16. The Mortgagee is hereby authorized and empowered to sell the mortgaged property at public auction to the highest bidder for cash in the event foreclosure proceedings are required. Said Mortgagee shall have full, free, and unrestricted right to purchase said property or any part thereof or any interest therein if it be the highest bidder therefor at such sale. Prior to foreclosure, at the option of said Mortgagee the interest rate shall be increased by one per cent (1%) per annum on the unpaid balance of the principal during any period of time in which a payment is due and not paid.

IN WITNESS WHEREOF,

and seal(s) this day of hereunto set hand(s)

Signed, sealed and delivered
in the presence of:

COMMONWEALTH OF MASSACHUSETTS)
COUNTY OF SUFFOLK) ss.

Then personally appeared the above named

and acknowledged the foregoing instrument to be free act
and deed.

Before me,

Notary Public

NOTE

AMOUNT: NINE MILLION NINE HUNDRED
THOUSAND DOLLARS
\$9,900,000.00

LOCATION: Custom House
McKinley Square
Boston, MA

DATE:

FOR VALUE RECEIVED, the undersigned promises to pay to the ADMINISTRATOR OF GENERAL SERVICES, acting for and on behalf of the UNITED STATES OF AMERICA, hereinafter called "Payee", or order, at Boston, Massachusetts, or at such other place as Payee shall designate the principal sum of NINE MILLION NINE HUNDRED THOUSAND (\$9,900,000.00) DOLLARS payable as follows:

On the 31st day of December 1987, the sum of TWO HUNDRED SEVENTY-TWO THOUSAND TWO HUNDRED FIFTY DOLLARS AND ZERO CENTS (\$272,250.00) and a like amount quarter annually thereafter to and including the 30th day of September 1992. On the 31st day of December 1992, Mortgagor shall pay to Mortgagee the sum of SIX HUNDRED FIFTY THOUSAND ONE HUNDRED FIFTY-SIX DOLLARS AND THIRTEEN CENTS (\$650,156.13) and a like amount quarter annually thereafter to and including the 30th day of September 1997.

Principal payments in addition to the installments required by this Note, or the entire unpaid principal balance due hereon may be made at any time prior to maturity without premium or penalty. Such additional principal payments shall not defer the due date nor reduce the amount or amounts of any installments herein required to be paid and will be applied in inverse order of maturity.

This Note shall immediately become due and payable without notice or demand, upon the appointment of a receiver or liquidator, whether voluntary or involuntary, for the undersigned or for any of its property, or upon the filing of a petition by or against the undersigned under the provisions of any State insolvency law or under the provisions of the Bankruptcy Act of 1898, as amended, or upon the making by the undersigned of an assignment for the benefit of its creditors. Payee is authorized to declare this Note immediately due and payable upon the happening of any of the following events: (1) failure to pay any installment or interest within ten (10) days after the due date thereof (2) the reorganization (other than a reorganization pursuant to any of the provisions of the Bankruptcy Act of 1898, as amended or merger or consolidation of the undersigned (or the making of any agreement therefor) without the prior written consent of Payee; (3) the undersigned's failure duly to account

to Payee's satisfaction, at such time or times as Payee may require, for any of the mortgaged property, or proceeds thereof coming into the control of the undersigned, (4) breach of the conditions of the real estate Mortgage which secures this note, or (5) the institution of any suit affecting the undersigned deemed by Payee to affect adversely its interests hereunder in the mortgaged property or otherwise. Payee's failure to exercise its rights under this paragraph shall not constitute a waiver thereof.

This Note is secured by a real estate mortgage dated 19 on certain real estate located in McKinley Square, City of Boston, County of Suffolk, Commonwealth of Massachusetts.

WITNESSES:

The USA's initial offering price was \$20 million. The current bid is \$25 million, subject to \$5 million in cash, with an installment sale with a purchase price of \$20 million. The complete proposed terms of acquisition are as follows:

Purchase Price: \$25,000,000.

Downpayment: 10% of purchase price, or \$2,500,000. \$1,500,000 cash downpayment, \$1,000,000 in bonds, \$500,000 in cash to closing.

Term of Installment Sale Agreement: 10 years, interest only first 3 years. Principal fully repaid over remaining 7 years.

Interest Rate: 10 year Treasury Note at the time of acceptance of offer on purchase + 1.5%.

Prepayment penalties: None.

The USA will hold a development competition to determine which developer can best restore and preserve the Custom House in accordance with public-determined preservation criteria. The developer will then enter into a lease agreement with the USA which will provide for the complete reimbursement of expenses incurred by the USA in purchasing the property. The developer

April 23, 1987

TO: BOSTON REDEVELOPMENT AUTHORITY AND
STEPHEN COYLE, DIRECTOR

FROM: SUSAN ALLEN, ASSISTANT DIRECTOR FOR URBAN DESIGN AND
DEVELOPMENT
PAUL L. McCANN, EXECUTIVE ASSISTANT TO THE DIRECTOR
WILLIAM D. WHITNEY, DEPUTY DIRECTOR FOR URBAN DESIGN
AND DEVELOPMENT

SUBJECT: ACQUISITION OF THE U.S CUSTOM HOUSE

As you are aware, the Federal Government has declared the U.S. Custom House surplus property and has offered the property to the City of Boston. For the past several months, staff members of the Authority and the City have been meeting with GSA officials concerning the proposed acquisition of the Custom House. The Mayor wishes the Authority to act as agent for the City of Boston to assist in the acquisition of the U.S. Custom House to ensure that the property is preserved as an historic monument and that any redevelopment and restoration of the building be carried out in such a manner that the building's design and historic nature are preserved.

The GSA's initial offering price was \$20 million. The current terms negotiated, acceptable in principle to the GSA, call for an installment sale with a purchase price of \$11 million. The complete proposed terms of acquisition are as follows:

Purchase Price: \$11,000,000.

Downpayment: 10% of purchase price, or \$1,100,000.
\$110,000 earnest money deposit payable upon
tender of an Offer to Purchase, \$990,000
balance due to closing.

Term of Installment
Sale Agreement: 10 years, interest only first 5 years.
Principal fully repaid over remaining
5 years.

Interest Rate: 10 year Treasury Rate at the time of
Acceptance of Offer to Purchase + 1.5%.

Prepayment penalties: None.

The BRA will hold a development competition to determine which developer can best restore and preserve the Custom House in accordance with publicly-determined preservation criteria. The developer will then enter into a lease agreement with the BRA which will provide for the complete reimbursement of expenses incurred by the BRA in purchasing the property. The developer

will also be responsible for the installment sale payments as detailed above. The interest-only payments in the first five years will allow the developer to complete restoration and renovation of the building and will allow the project to stabilize before the repayment of principal begins. Once the mortgage obligations to the GSA have been discharged, after a ten year term as provided, the Authority will convey the underlying interest in the property to the City of Boston.

The rehabilitation standards and criteria will be determined by the Boston Landmarks Commission. The building will be restored and maintained in accordance with these guidelines at the expense of the leasee. The original Custom House will be maintained as a public space with cultural or other non-commercial uses open to the general public. The observation deck shall be made available for limited public access. The tower shall be office, hotel or residential use.

As you recall, the Authority amended the 1964 Urban Renewal Plan (R-77) in 1986 to allow it to purchase the Custom House in the event of its sale by the Federal Government.

We therefore recommend that the Authority authorize the acquisition of the U.S. Custom House from the Federal Government under the terms described above. An appropriate vote follows.

RESOLUTION OF THE
BOSTON REDEVELOPMENT AUTHORITY

Re: Transfer of Federal Surplus Land

WHEREAS, certain real property owned by the United States, located in the County of Suffolk, Commonwealth of Massachusetts, has been declared surplus and at the discretion of the Administrator of General Services, may be conveyed to a State, political subdivision, instrumentalities thereof, or a municipality, under the provisions of Section 203(k)(3) of the Federal Property and Administrative Services Act of 1949, as amended (40 U.S.C. 484 (k)(3)), and rules and regulations promulgated thereto, more particularly described as follows:

Descriptions of the parcels and rights comprising the property offered for sale are contained in the following deeds:

1. Deed dated September 13, 1837 from Proprietors of Boston Pier or Long Wharf to the United States, recorded in Suffolk Deeds Book 424, Page 97.
2. Deed dated August 29, 1837 from Central Wharf and Wet Dock Corporation to the United States, recorded in Suffolk Deeds Book 424, Page 101.
3. Deed of both the above grantors to the City of Boston, . recorded at Suffolk Deeds Book 424, Page 99, giving the United States the right to construct sidewalks (with coal holes thereunder) 10 feet by 3 feet on the easterly side and northerly end of the Customs House.
4. Deed of the City of Boston, dated June 7, 1839, to the United States, recorded in Suffolk Deeds Book 445, Page 161.
5. Deed of the Proprietors of Long Wharf and Central Wharf to the United States of America dated June 7, 1839, and recorded in Suffolk Deeds Book 445, Page 162, releasing restrictions in their above said deed to the City of Boston recorded at Book 424, Page 99.
6. Deed of the City of Boston to the United States of America, dated July 11, 1863, and recorded in Suffolk Deeds Book 831, Page 25.
7. Deed of the Proprietors of Boston Pier on the Long Wharf and Central Wharf and Wet Dock Corporation, dated July 11, 1863, and recorded with Suffolk Deeds Book 831, Page 26, releasing restriction in their above said deed recorded at Book 424, Page 99.

WHEREAS, the Boston Redevelopment Authority, acting as agent for the City of Boston, desires to acquire this property so as to assure that the existing historic, architectural and structural integrity will be preserved; and

WHEREAS, the Urban Renewal Plan for the Downtown Waterfront-Faneuil Hall Urban Renewal Project Area, Project No. R-77 (the "Plan"), was adopted by the Boston Redevelopment Authority on April 16, 1964 and approved by the City Council on June 8, 1964; and

WHEREAS, the Plan as amended provides in Chapter 4, Section 403, ...the property...owned by the United States government (Block 206-1) and used as a Federal office building... may be acquired by the Boston Redevelopment Authority and the use shall be office, hotel, or residential in the tower with public access to the observation deck. In the base of the tower the use shall be cultural or other general public use with designated space set aside for access to the tower uses. Controls to be established for the property shall be consistent with the requirements and controls imposed upon similar property by the provisions of the Urban Renewal Plan;

NOW, THEREFORE, BE IT RESOLVED, that the Boston Redevelopment Authority shall make application to the Administrator of General Services for and secure transfer to it of the above-described property for said use and subject to such exemptions, reservations, terms, covenants, agreements, conditions and restrictions as the Secretary of the Interior, and the Administrator of General Services, or their authorized representatives, may require in connection with the disposal of said property under said Act and rules and regulations issued pursuant thereto; and

BE IT FURTHER RESOLVED that the Boston Redevelopment Authority, has the legal authority, and that Stephen Coyle, Director of the Boston Redevelopment Authority, be and is hereby authorized, for or on behalf of the Boston Redevelopment Authority, to do and perform any and all acts and things which may be necessary to carry out the foregoing resolution, including, but not limited to, the execution of an Offer to Purchase substantially in the form appended hereto, the preparing, making, and filing of the execution, acceptance, delivery, and recordation of agreements, deeds and other instruments pertaining to the transfer of said property, for survey, title searches, recordation of instruments, or other costs identified with the Federal Surplus property acquisition; and

BE IT FURTHER RESOLVED, that the Boston Redevelopment Authority authorizes the payment of \$110,000 as an earnest money deposit and such other sums as shall be payable from time to time in accordance with terms and conditions of the purchase of the above-described property.

